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MARCH 7, 1966

U.S. WHEAT IN THE
WORLD SUPPLY PICTURE

SPAIN TO IMPORT
MORE FARM PRODUCTS

WORLD COTTON CROP
AT ALLTIME HIGH

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

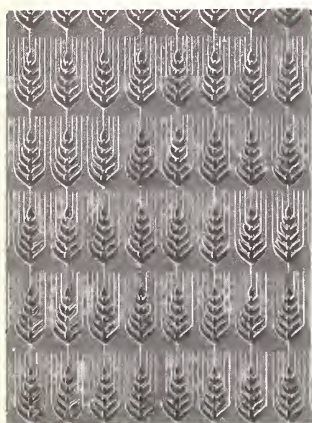
A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

MARCH 7, 1966

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Symbolized on our cover is wheat, whose age-long story has had some interesting chapters in the 20th century. The story on the opposite page examines some trends that have helped to give today's international wheat market its present shape.

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U.S. Wheat Paramount in World Supply Situation

Major shifts since 1900 in the world's wheat production and trade have brought U.S. wheat into center stage.

By LYLE P. SCHERTZ*

Foreign Development and Trade Division, ERS
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The 20th century has witnessed dramatic examples of the importance of the role that wheat in general—and U.S. wheat in particular—plays in the world's food supply. It has been U.S. wheat that has borne the major burden of relieving both the acute hunger following in the wake of the two World Wars and the chronic hunger resulting from the pressure of population on food production.

During this period also, the United States has carried a large share of the responsibility for the orderly marketing of the world's wheat supply, through the pricing, stocking, and management of its own wheat abundance.

This central position of the United States on the world wheat stage is the result of striking changes in the production and trade patterns of nearly all the world's principal wheat-supplying regions.

Wheat the most prominent grain

On a worldwide basis, wheat is today the world's most important single grain, in terms of both production and trade. Out of average world grain production in the 3 years 1962-64, wheat accounted for over 30 percent, corn for 25 percent, and rice for 20. And out of average world grain trade in fiscal 1962-64, wheat provided 54 percent, corn 23, and rice only 8.

The prominence of wheat on a regional basis varies, of course, according to many circumstances. Among these are local diets, the numbers and needs of livestock, and the region's suitability for growing the various grains. In the United States, for example, wheat occupied only 33 percent of the 1965 grain acreage, and in India and Africa even less; for Canada and Oceania the percentage was substantially higher.

In food aid, wheat has been the principal grain involved. For example, from the start of U.S. Public Law 480 programs through January 1, 1965, foreign currency sales (Title I) involved 86 million metric tons of wheat and wheat flour for developing countries; all other grains accounted for only 11 million. And in 1964 alone, wheat and wheat flour accounted for more than 60 percent of the total value of U.S. aid to developing countries under Title I.

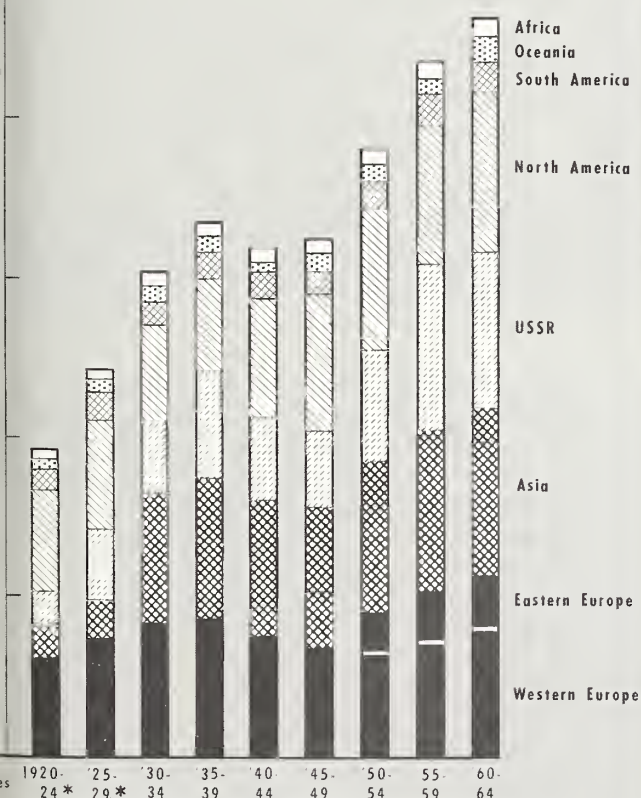
Trends in world wheat production

The past 45 years have seen world wheat output increase by 140 percent, from 96 million tons a year in the early 1920's to 230 million tons a year in 1960-64. The chart on this page shows the changing regional pattern of production. The trend is sharply upward in all regions. Especially noticeable are the steep increases for the USSR, Asia, Europe, and North America, although on a relative basis the doubling of the much smaller production in Oceania and Africa is impressive also.

A portion of the increase shown for Asia is attributable to the unavailability of data on China and Manchuria for the decade of the 1920's. However, this does not account

WORLD WHEAT PRODUCTION —
Regional Changes in the Past 40 Years

RIC TONS



* DOES NOT INCLUDE CHINA AND MANCHURIA

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for the entire change; China's wheat production in the early 1930's averaged only approximately 24 million tons.

Within the latest of the 5-year periods beginning with 1920, wheat production in North America reached a peak: for 1962-64, it averaged 49 million tons, of which the United States accounted for 32 million and Canada for 17 million. Yet North America, which at the beginning of this 45-year span had stood first among the world's wheat producing regions, ranked fourth at the end of it; ahead were Europe (Western and Eastern), Asia, and the USSR. The United States was the largest single producer of wheat 45 years ago; it is now second to the USSR.

How the wheat trade has changed

The growth of world trade in wheat has been equally dramatic. Between 1900 and 1964, total wheat trade increased from approximately 15 million tons a year to over 45 million. Still more dramatic were the shifts in importance among the exporting areas. By no means did the largest producers of wheat always rank first as exporters. In fact, the three areas that now produce most wheat—Europe, Asia, and the USSR—are all net wheat importers.

The United States enjoyed almost 40 percent of the world's wheat trade at the turn of the century, with about 6 million tons of exports. Its share dropped sharply to 14 percent before World War I, rose again in the 1920's to 22 percent, and plummeted to 8 percent during the drought years of the 1930's. Canada, only in fifth place in the early 1900's with 5 percent of the total, took first place with 35

percent in the 1920's and kept it even during the 1930's. The USSR and the Danube Basin ranked second as the century opened and first before World War II, but later found their export share much reduced, beginning with the period between the wars.

The years since World War II, however, have witnessed the United States regaining its preeminence in the world wheat trade. During the late 1940's, the supplies of North America—particularly the United States—played a vital part in postwar relief and recovery. In 1960-64 U.S. wheat accounted for over two-fifths of the world's exports and Canada's for another fifth.

The United States and the world wheat economy

The international market for wheat is not a purely competitive market of the Adam Smith "invisible hand" type. On the contrary, almost every country involved in this trade has governmental or quasi-governmental agencies carrying out activities that importantly influence domestic supplies, consumption, and prices of wheat. And in many of these countries, such activities have a significant influence on prices in world markets.

For example, Canada, Australia, and Argentina use Wheat Boards to control the quantities and prices of their wheat sold internationally. The European Economic Community has established a variable import levy system, which in effect is a variable import quota system associated with variable export subsidies. The United Kingdom employs a discriminatory variable levy. Japan has a system of import fund allocations and "skimmings," or variable import charges to "skim off" any price differences between the lower world price and the higher domestic price. Tariffs, skimmings, and quotas are used also by the developing countries.

The United States too has a number of domestic wheat programs, including acreage controls and diversion, stocking, price supports, export payments, and import quotas. These programs have an important effect on the U.S. position in the world wheat economy and in turn on the position of many other countries. Thus, the United States is carrying a disproportionate share of responsibility for this economy, in terms of maintaining stability of supplies, providing food aid, and stabilizing prices. Without this responsible U.S. conduct, activities in all these areas of the world wheat market would have been subject to very different conditions of supply, trade, consumption, and price.

U.S. influence on supply stability

In 1962-64, U.S. wheat area averaged 46 million acres—about 9 percent of total world wheat area. U.S. production in the same years averaged 13 percent of the world total. But U.S. production would have been much larger if U.S. farm resources had not been purposely diverted from wheat production.

In 1965, about 56 million acres of U.S. cropland were diverted from crop production; of this total, 7.5 million were under the wheat acreage diversion program. Reflecting the restraints on production, average U.S. wheat area in 1963-65 was 28 percent below the 66.9 million acres of 1951-53. In contrast, Canada's wheat area was up 10 percent, Argentina's 23 percent, and Australia's 64 percent.

Although the United States produces a comparatively small share of the world's wheat, it has assumed a large

(Text continued on page 16)

WORLD EXPORTS OF WHEAT AND WHEAT FLOUR

Period	Argentina	Australia	Canada	United States
	<i>Mil. metric tons</i>	<i>Mil. metric tons</i>	<i>Mil. metric tons</i>	<i>Mil. metric tons</i>
1899-1903	1.5	0.3	0.7	5.7
1909-13	2.6	1.4	2.5	2.9
1924-28	4.0	2.5	8.4	5.3
1934-38	3.3	2.8	4.8	1.4
1944-48	2.2	1.9	7.6	9.6
1954-58	2.9	2.4	7.7	9.7
1960-64	2.2	5.4	10.2	18.5

	USSR	Danube Basin	Other	Total
	<i>Mil. metric tons</i>	<i>Mil. metric tons</i>	<i>Mil. metric tons</i>	<i>Mil. metric tons</i>
1899-1903	2.7	2.4	1.3	14.6
1909-13	4.4	3.1	2.9	19.7
1924-28	.5	1.0	2.1	23.8
1934-38	.7	1.3	2.9	17.3
1944-48	.4	.1	.5	22.3
1954-58	2.0	(1)	4.6	29.3
1960-64	4.5	(1)	4.6	45.4

¹ Negligible.

Food and Agriculture Organization of the United Nations.

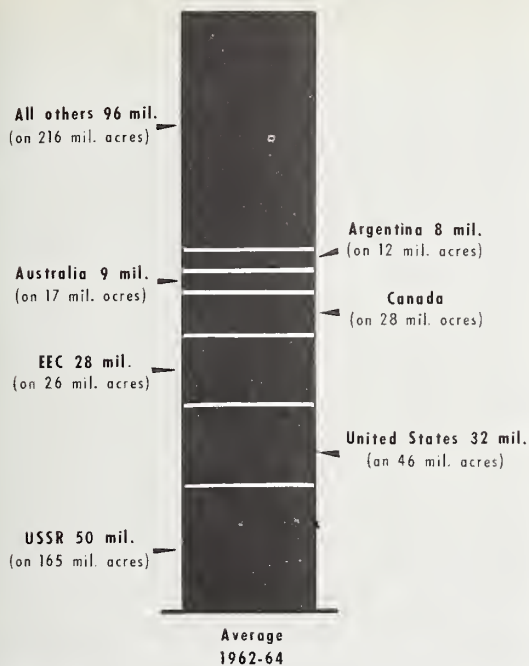
AVERAGE ANNUAL NET WORLD TRADE IN WHEAT

[+ = net exports; — = net imports]

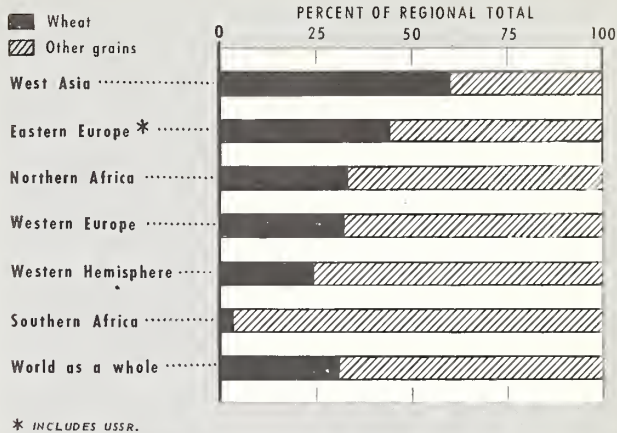
Region	Year beginning July 1—			
	1934-38	1950-54	1955-59	1960-63
	<i>Mil. metric tons</i>	<i>Mil. metric tons</i>	<i>Mil. metric tons</i>	<i>Mil. metric tons</i>
North America	+5.6	+16.8	+19.9	+30.2
Latin America	+1.7	—1.0	—8	—2.3
Western Europe	—11.2	—11.9	—10.0	—9.2
Eastern Europe	+2.1	—0.4	—7	—2.0
USSR	+6	+8	+8	—1.1
Africa	+1	—1.2	—2.0	—3.3
Asia	—9	—5.2	—8.4	—12.5
Oceania	+2.9	+2.4	+2.3	+5.6

WORLD'S MAJOR WHEAT PRODUCERS

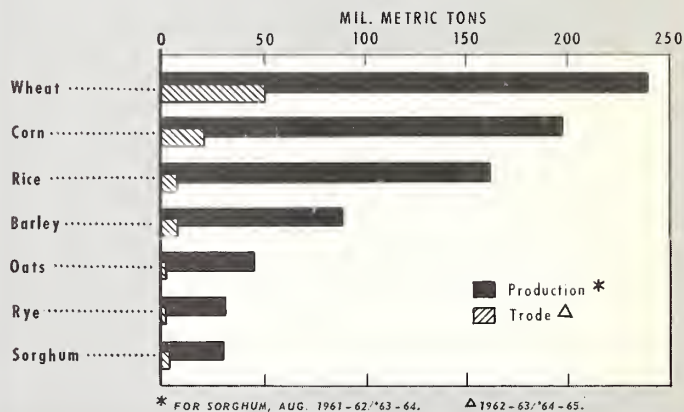
World total 240 million metric tons
(on 510 mil. acres)



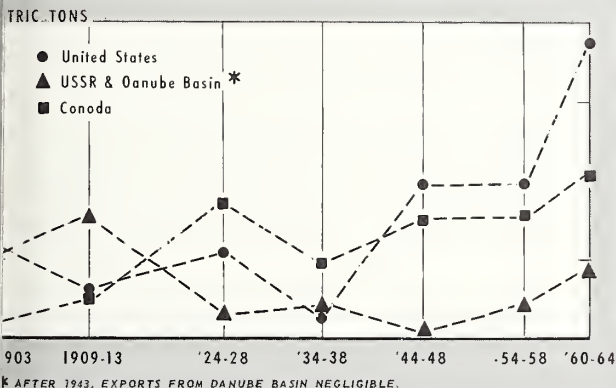
SHARE OF WHEAT, 1962-64 - in Regional Grain Production



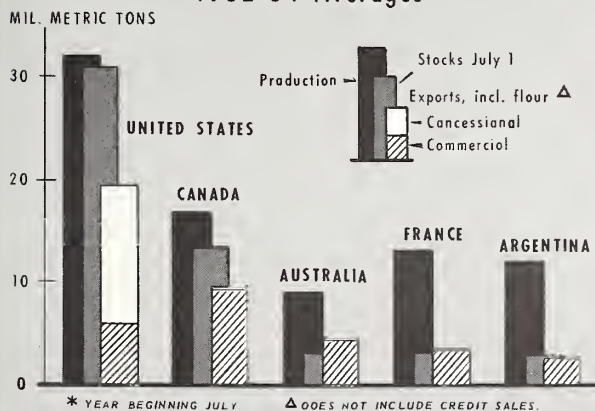
PRINCIPAL GRAINS - World Production and Trade, 1962-64



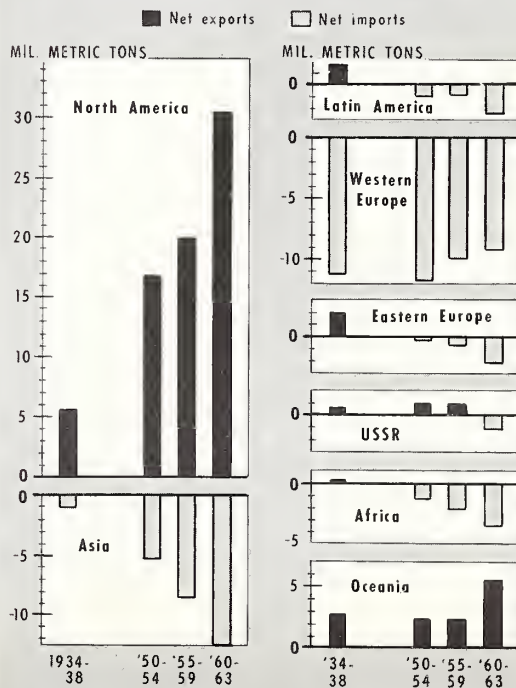
SHIFTS AMONG SOME TOP WHEAT EXPORTERS



THE 5 BIGGEST WHEAT EXPORTERS 1962-64 Averages*



NET REGIONAL TRADE IN WHEAT



Spain To Import More Agricultural Products This Year

By JAMES LOPES

*Foreign Regional Analysis Division
Economic Research Service*

Spain should be an attractive market for the sale of U.S. agricultural products in 1966. Not only was Spain's own output below normal in 1965, but recently measures were taken to liberalize imports of agricultural commodities. Furthermore, Spain's official foreign exchange and gold reserves—at \$1.36 million in October 1965—are more than adequate to sustain increasing agricultural imports.

Because of last year's poor crops, need is indicated for larger imports of feed grains, vegetable oils, protein concentrates, pulses, and sugar. Expansion of the livestock program will require stepped-up imports of breeding cattle. Imports of animal fats, tobacco, hides and skins, and vegetable products may also show some increase.

Market expanding

In recent years, Spain has become an important market for foreign agricultural products. Its farm imports amounted to \$467 million in 1964, and for 1965 are believed to be close to \$650 million, or more than double the 1958-62 average.

The United States has been a major supplier of Spain's agricultural imports. In 1963 and 1964 its shipments to Spain averaged \$108 million a year, and a record level is expected for 1965. Feed grains and soybean products are particularly important. Spain's imports of U.S. feed grains rose from 107,000 metric tons in 1960 to 889,000 in 1964. Its imports of U.S. soybeans climbed from an average of 16,000 metric tons in 1962 and 1963 to 56,321 tons in 1964; also, its purchases of soybean oil averaged 113,000 metric tons in the 1961-63 period.

Good feed grain market

Spain's feed grain production in 1965 at 2.8 million metric tons was about one-tenth below the relatively poor crop of the previous year. Consequently, low carryover feed stocks combined with poor pasture conditions and the emphasis on livestock expansion should stimulate feed grain imports.

Total feed grain imports by Spain in 1966 are expected to approach 2 million metric tons, about 10 percent more than imported in 1964. Of these imports, corn is estimated at over 1 million metric tons, and barley at approximately 850,000 metric tons. Spain also offers an expanding market for sorghums, as its own sorghum crop was badly affected by drought last year.

Spain has a large loan to finance imports of U.S. feed grains. The Public Law 480 loan agreement of \$35 million, signed last September with the Spanish Cooperative for the Commercialization of Farm Products (COES), calls for the purchase of 600,000 metric tons of feed grains over the next 3 years, with 125,000 tons to be bought this year. COES also agreed to purchase commercially a minimum of about \$18 million worth (321,000 metric tons) of feed grains from the United States in the same 3-year period.

The market for U.S. soybean products in Spain in 1966 may rise to \$65 million, nearly double the 1964 value.

Spain needs to import large quantities of edible oils and oilseeds to fill the deficit between domestic production and consumption. Low olive oil production in the past 2 years and the government's efforts to sustain olive oil exports and to make vegetable oils, other than olive oil, acceptable among consumers have raised consumption of such oils to about half of total vegetable oil consumption. Also, the livestock expansion program needs oilseeds or protein concentrates to meet the increasing animal feed requirements.

Vegetable oils needed

Spain may import as much as 200,000 metric tons of seed oils during 1966, as compared with 57,000 metric tons in 1964. In spite of a carryover olive oil stock of about 110,000 metric tons and a doubling of olive oil production in 1965 to an estimated total of 324,000 metric tons, total vegetable oil supplies will fall short of the demand for consumption and export, estimated at more than 600,000 metric tons. An estimated 85,000 metric tons of olive oil are also needed for carryover stocks.

Spain probably will continue to encourage the export of high-priced olive oil and the import of cheaper vegetable oils for domestic uses. The government is committed to high price supports on olive oil and must offer the public a lower priced vegetable oil. In October 1965, it reduced the import duties on and further liberalized the sale of vegetable oils, other than olive oil, in the domestic market. Restrictions on the export of olive oil introduced in January 1965 also were suspended in November 1965.

Soybeans are expected to continue accounting for the bulk of oilseed imports. For livestock feed they have a competitive advantage over other oilseeds. Soybean oil is also well accepted in Spain's edible oil market, and the price per ton is cheaper than for other vegetable oils.

Furthermore, Spain's crushing facilities have been greatly expanded—to about 300,000 metric tons, or more than twice the level of 1963 crushings. This year soybeans will command some 200,000 tons of this enlarged capacity compared with 120,000-150,000 in 1965. Since few countries can compete effectively with the United States in the soybean market, it is possible that Spain will be crushing mainly U.S. soybeans in 1966.

Cotton outlook promising

Spain's reduced cotton production for the past 2 years could mean substantially larger imports of cotton in 1966 than in recent years. Output in 1965, estimated at 350,000 bales, was slightly lower than the low level of 1964. High labor costs, dry weather, and shifts in the use of irrigated land from cotton growing to crops offering a more stable return, such as oilseeds, vegetables and sugarbeets, have been causing this downward trend in both acreage and production.

Assuming a normal consumption of 540,000 bales, Spain's cotton import requirements in 1966 may amount to 160,000 bales, nearly double imports in 1964. In the past 3 years, Spain has been a cash customer for U.S. cotton, buying a total of 20,000 bales in 1964 and 25,000 in 1965.

Also, the expected shortage of certain staple lengths and grades seems to indicate a brighter future for U.S. cotton.

Pulses liberalized

Spain's 1966 imports of pulses—mainly dry beans, lentils, and chickpeas—are expected to exceed 20,000 metric tons. Its own pulse production last year was down 8 percent from that of 1964, with dry beans at the lowest level in 5 years. This could result in Spain's increasing its pulse imports from the United States, particularly dry beans, for in both 1963 and 1964 the United States shipped Spain about 14,000 metric tons, or two-thirds of its dry bean imports.

Government liberalization of pulse imports in 1965 should aid imports this year; also, the decrease in 1965 pulse production among Spain's European suppliers should benefit U.S. exporters.

Breeding cattle, seed

The Spanish market for breeding cattle is promising. Spain's 4-year development plan calls for the spending of \$1.6 million a year to import breeding cattle. Canada has been the chief source, shipping nearly 2,000 head of Holstein Friesian purebred in 1965, with reportedly orders for several thousand more this year. The U.S. share has been small, although in 1963 some \$60,000 worth of breeding cattle were shipped to Spain.

Spain's seed market also appears to be good, since

drought affected the country's own seed production last year. The types of seed most likely to be imported by Spain this year are seed grain, grass, and vegetable. Spain's seed grain imports in 1964 amounted to 700 metric tons, with sorghum and safflower seed—virtually all from the United States—representing over half the total.

Prospects to be watched

Spain offers opportunities for other products that the United States is well able to supply, namely tallow, hides and skins, and tobacco and cigarettes.

Spain is already the third largest European buyer of U.S. tallow. In 1964 its imports from the United States totaled over 45,000 metric tons, or more than two-thirds of its tallow purchasing. Larger imports can be expected in the next 2 years, as more tallow is used in soap manufacture and in mixed feeds.

U.S. exports of hides and skins to Spain came to about \$1.8 million in 1964, and the market is expected to grow.

Spain has also been a leading importer of U.S. cigarettes. Imports of cigarettes in the first half of 1965 were valued at \$3.8 million compared with \$1.8 million in 1964. Also, raw tobacco imports from the United States amounted to \$2.7 million in the same 6-month period. Imports of cigarettes are expected to continue because of tourist demand; as for leaf tobacco, at the end of last year the Spanish Tobacco Monopoly was considering a tender of 1,500 metric tons of U.S. leaf.

Japanese Face Critical Shortage in Domestic Beef Supply

Rising beef prices, growing consumer demand for quality beef, and a drastic drop in cattle numbers are combining to create headaches for Japan's livestock industry and agricultural planners. Average quality beef is now wholesaling for around 65 cents per pound in Tokyo, and retail prices are around \$1.25 per pound. Even at these prices, supplies are inadequate to fill the Japanese hunger for beef, and beef imports are growing.

Japan has traditionally produced an expensive beef to meet a carriage-trade type demand for quality. Known variously as Kobe beef, Matsuzuka beef, or Sendai beef, depending on the area of production, this meat retails for \$4.00 to \$5.00 per pound, and even at these prices supplies are short.

Tractors are the underlying cause of the problem. As more farmers get small hand tractors to replace bovine draft animals, the traditional source of animals for beef production is disappearing. The number of draft and beef animals on farms is falling at a rapid rate. Meat dealers, unable to meet the demands of customers, have made strong complaints because of the shortage of beef.

Steady decrease of cattle numbers

In 1956 the number of draft and beef animals on farms reached a peak of 2.7 million head. By early 1965, this number had fallen to 1.9 million head, and as of early 1966, the total was probably around 1.7 million head. Furthermore, there is nothing to indicate a halt in this downtrend in numbers, since it is caused by mechanization instead of a cycle in numbers.

One factor that has prevented more rapid depletion of

stock is the growing supply of dairy animals for slaughter. The number of dairy cows on farms has climbed almost as rapidly as the decline in draft and beef cattle. In 1956 there were 0.5 million head of dairy cows and heifers on farms, but by 1965 this number had reached 1.3 million head. A large share of the bull offspring produced by Japan's predominantly Holstein herds is fattened and slaughtered.

Japan's agricultural planners early in the 1960's set a goal for 2.5 million head of beef animals on farms in 1971. At the time the goal was announced, there were 2.3 million head of native draft and beef cattle, known locally as Wagyu. For several hundred years the sole purpose of these animals was farm power.

Japanese people have been eating meat for over a 100 years, but until a few years ago meat supplied a minor share of their protein consumption. In recent years—particularly since 1960—the Japanese appetite for meat has skyrocketed, and the average Japanese has the money to buy meat and other items which used to be luxuries.

The average income for urban families in 1960 was about \$115 per month and all food cost about \$35. By 1965 this had grown to around \$190 for income, and food costs were around \$50 a month. In 1960, the average monthly family purchases of meat were only \$2.45. By 1965, this had grown to almost \$5.50. (Meat includes beef, pork, chicken, and processed meat products.)

Annual beef consumption jumped from 2.5 pounds per person to almost 4 pounds during the 1960-65 period. There is little doubt that much more beef would have been consumed in 1965 if prices had not been so high.

The Japanese Ministry of Agriculture and Forestry recently announced plans to spur beef production. Among the various devices to be employed are: The establishment of 100 cattle breeding centers throughout Japan—each with 100 head of cattle—to make animals available for feeding at stabilized prices; loans to individual farmers to purchase animals for fattening; and longer term loans to cooperative groups to purchase breeding stock.

These plans may have the effect of slightly slowing the downtrend in cattle numbers. However, they are unlikely to result in any major improvement in the growing beef problem. Japanese-type cattle are slow and inefficient as feed converters to fill the growing demand for beef. Some selection and breeding work has been done with notable achievements, but the basic beef-type animal still has not developed from Wagyu.

Beef producers protected

The Japanese Government has given protection to Japanese beef producers from imported beef so that they would expand operations, and some have responded. On the other

hand, pressure from consumers for more beef is growing, and the only way more beef can be made immediately available is through larger imports.

Beef imports are controlled through a system of import allocations. In the last few years, these allocations have been mainly for processing beef, averaging around 5,000 metric tons a year. Beginning April 1, 1965, import allocations totaled almost 10,000 metric tons, but this is equal to only about 40,000 head of native cattle. However, for the first time in recent years, the 1965 allocation included some better cuts of meat for direct distribution to consumers. Previously, imports were mostly brisket from Australia.

In the most recent import allocation for 2,500 metric tons of beef, the government announced that about 10 cents per pound would be collected for promotion of the domestic livestock industry. The Beef Wholesalers Association will get a share of the money to improve marketing facilities, and the Livestock Development Corporation will use a share to improve the domestic livestock industry. The LDC is a semi-governmental organization set up to encourage and promote Japan's livestock economy.

World Cotton Crop at Alltime High—With Big Gain in the USSR

World cotton production for 1965-66 is now estimated at 52.1 million bales (480 lb. net), about 0.2 million higher than the record set last year. This crop was grown on an area of 82.1 million acres, about a half million more than in 1964-65. The world average yield remains the same as last season—305 pounds per acre.

Among the countries of the Free World, excluding the United States, cotton output is estimated at 22.7 million bales, a decline of 0.2 million from last season. In the United States, the crop, at slightly over 15 million bales, is only about 1 percent smaller than last season's, although it was produced on a smaller acreage. The average yield is estimated at 531 pounds per acre, an increase of 14 pounds over last year's record.

Soviet crop larger

The drop in Free World output was offset by gains in the USSR where the crop reportedly reached 8.7 million bales, an increase of 0.5 million from last season. This record crop was harvested from an area no larger than in 1964-65, despite a shortage of irrigation water. A higher procurement price for cotton apparently caused farm workers to do a more efficient harvesting job.

Mainland China will probably harvest slightly more cotton this season than last, since acreage is believed to be larger; yields, however, will very likely be lower because of less favorable growing conditions.

Latin American output

Cotton production in Mexico, now estimated at 2.4 million bales, is about equal to last year's outturn. But in the Central American countries—El Salvador, Nicaragua, and Guatemala—the rapid production rise of recent years was reversed. Only in Guatemala was the crop anywhere near as large as last season's.

The 1965-66 crop in South America is likely to be nearly 200,000 bales below the 3.8 million harvested last season. Brazil's crop is currently placed at 100,000 bales below the 2.1 million bales of last year, while Peru's crop

is estimated at 575,000 bales, down 8 percent. Colombia's 300,000-bale crop is about the same as that of the previous year, but Argentina's may fall short of last season's 625,000 bales.

Mediterranean Basin crops

In Greece, the crop, now estimated at 330,000 bales, is up 20,000 bales from a year ago but substantially below earlier years. Spain's harvest is expected to total around 350,000 bales, only slightly below last season but well under the record of 517,000 bales produced in 1962-63.

Turkey's cotton crop, now estimated at 1.4 million bales, is down 0.1 million from the record outturn of 1964-65, with Syria's, at 750,000 bales, is down 7 percent. In Iran, the cotton crop is placed at an alltime high of 625,000 bales, an increase of almost one-fifth; and Israel, which harvested about 95,000 bales from 43,000 acres, had the highest national yield in the world.

African production mounting

The total African crop is estimated at 5.1 million bales. This is 0.5 million larger than last year and represents the first time that production on the African Continent has exceeded 5 million bales. This larger output is attributed to expanded acreage and higher yields.

Although little information is available on the UAR's crop, it will probably account for about one-half of total African output. In Sudan, the 1965-66 crop reportedly has made excellent progress, and despite a small acreage reduction, may amount to 800,000 bales.

India's crop down sharply

The cotton crop in India is now estimated at 4.3 million bales, down 0.6 million from last season and the lowest since 1961-62—largely because of shortage of moisture in the Central Belt during the growing season. But in Pakistan, this year's crop is estimated at 1.9 million bales, up from 1.7 million last season and second only to the country's alltime record of 1.94 million bales in 1963-64.



Japanese Team Sees U.S. Poultry Production and Processing Areas

A group of 134 top-level Japanese businessmen and women interested in importing and using U.S. poultry have just wound up an inspection tour of production, processing, and merchandising facilities in the United States.

During their 2-week trip, the importers, processors, wholesale and retail meat dealers, and restaurateurs from all parts of Japan—traveling at their own expense—had an opportunity to see the efficiency of U.S. poultry operations and the wide variety of U.S. poultry products and types of packaging available to them.

The tour was organized by the Tokyo office of the Institute of American Poultry Industries, which administers the FAS-industry cooperative overseas market development program for the U.S. poultry industry's International Trade Development Board. Accompanying the group were an official from the Japanese Ministry of Agriculture and Forestry, two members of IAPI's Tokyo staff, and a member of the U.S. Agricultural Attaché's staff. To achieve maximum publicity in the Japanese trade and consumer press, a journalist from Japan also traveled with the team.

Highlight of the trip was IAPI's annual Fact Finding Conference in Kansas City, Mo., attended by representatives of all phases of U.S. poultry processing, as well as by U.S. exporters of poultry products. During the 3-day conference, all types of equipment from firms servicing the poultry industry were exhibited.

The group toured two major poultry producing and processing areas—Modesto, Calif., and Atlanta, Ga. In Chicago, the itinerary included supermarkets and restaurants, to see how poultry reaches the ultimate consumer, and conferences with officials at IAPI's main office. USDA officials and Congressional leaders met with the team in Washington, D.C.

Some members of the team were also interested in the U.S. beef industry and visited red-meat processing and distribution operations.

Japan is one of the U.S. poultry industry's largest export markets. From less than 250,000 pounds in 1961, U.S. exports of frozen poultry to Japan rose to 10.6 million pounds in 1964 and another 6 percent, to 11.2 million, last year. Despite a growing domestic poultry industry, imports are expected to continue large as consumption of poultry and poultry products rises.



Top, U.S. Undersecretary of Agriculture John A. Schnittker greets Japanese poultry team; above (l. to r.), Raymond A. Ioanes, FAS Administrator, with Hiroyoshi Kikuzaki and Jiro Higurashi, industry team leaders, and Setsuo Kosaka, official of Japan's Ministry of Agriculture and Forestry.

Sandwich Project Sells U.S. Wheat in Japan

Recent evaluations of a pilot project for promotion of American-style sandwiches in central Japan show the program has contributed to larger bread sales for participating bakers and built up the image of U.S. wheat in the Japanese baking industry.

A joint venture of Wheat Associates, USA—cooperator with FAS in market development—and the Japan Baking Industry Association, the sandwich promotion project featured seminars, lectures, demonstrations, and samplings at 139 locations in Tokyo, 31 in Osaka, and 30 in Nagoya. Participants included housewives, bakers, retailers, and restaurant operators. A booklet of 30 sandwich recipes and newspaper advertising were also used in the campaign.

The project has convinced bakers that sandwiches are an effective means of increasing bread consumption, developed an interest among retailers and the press, and informed consumers of the nutrition and convenience offered.

As a result, what started as a 1-day program at the U.S. Trade Center in Tokyo back in 1964 and was expanded to a 6-month pilot project in three cities may be extended throughout Japan this year, bringing in a number of allied food industries such as producers of spreads, sandwich fillings, dairy products, and coffee.

U.S. Cotton's 1966-67 Prospects in Europe

Good as Stocks Dwindle This Buying Season

Cotton marketing specialist W. Glenn Tussey reports here on his recent on-the-spot market analysis of 10 major cotton-importing nations in Western Europe: West Germany, France, and the United Kingdom (second, third, and fourth biggest importers of U.S. cotton in Western Europe); and Belgium, the Netherlands, Denmark, Sweden, Norway, Finland, and Austria.

The bearish atmosphere currently pervading the West European cotton market, while painful to U.S. cotton exporters, augurs well for purchases once the new U.S. cotton legislation goes into effect in the 1966-67 season. With European buyers sitting tight to gage the law's impact on U.S. prices and those of its competitors, stocks have dropped to the point where sizable replenishment may be demanded next season in most countries visited.

More U.S. price flexibility

Most sources believe the new legislation will provide more U.S. cotton price flexibility and enhance the still-strong ties that U.S. cotton has in much of Europe. Also providing optimism for cotton's future is a newly revamped market development program for cotton in Western Europe that is getting more support from the European cotton industry.

Working for U.S. cotton too is the availability of Commodity Credit Corporation credit toward its purchase at interest rates considerably more favorable than those prevailing in most European nations. In most of the nations visited, rates are running well above those available under CCC credit to U.S. exporters, who may extend favorable credit to importers of U.S. cotton. And in Austria, where an 8-10-percent interest rate is not uncommon, importers can obtain U.S. cotton at about 5 percent under an Export-Import Bank loan.

Since European cotton importers are currently buying only for their immediate needs and mainly from exotic growths, declines appear imminent for U.S. cotton exports to Western Europe this season.

Last season—August-July 1964-65—U.S. exports of cotton to the 10 countries visited were only slightly

over half the 1963-64 level of 1,568,000 bales, and the U.S. market share fell in practically every nation.

In France, the decline was exceedingly sharp, from 50 percent of the market to 25 percent. In West Germany—biggest of the cotton markets visited—the U.S. share fell to around 20 percent from 25, while total U.S. exports of cotton to that country were off 48 percent. In Belgium, U.S. trade was off 55 percent.

U.S. markets held up fairly well in Sweden and Norway, both countries buying over 80 percent U.S. cotton. The low-quality cotton used predominantly there was available from the United States at competitive prices.

Big contributors to the decline in mill usage of raw cotton in Europe have been the inroads of manmade fibers and the high production costs, in relation to developing countries, for cotton yarns and gray goods. These increased costs have reduced the ability of European spinning industries to compete in the textile market with low-wage exporters of cotton goods, spurring a move out of cotton spinning into more sophisticated and more highly capitalized operations of design and finishing. This in turn has meant increased European imports of cotton yarn and the basic constructions of cotton cloth and corresponding reductions in takings of raw cotton.

Textile production falters

A severe drop in textile production has occurred in France—third largest of our European raw cotton markets—where general economic activity during the first half of 1965, which was about the same as for 1964, was dampened by a 10-percent decline in textile output. The textile industry's problems in 1965 have been compared by some to the textile crisis of 1962.

In Belgium, cotton textiles had some difficulties last summer mainly because of heavy competition from imported textiles, and lack of consumer interest in cotton as a result of the cool, wet weather last season.

Other countries experiencing textile business difficulties include Finland, Denmark, and Sweden. Finland has trouble with competition from low-priced Russian textiles as well as from

other consumer goods. Denmark is losing one of its two spinning mills because of an acute labor shortage; and Sweden, also troubled by labor shortages and high wages, expects to lose four of its eight mills by 1970.

West Germany, the United Kingdom, the Netherlands, and Austria have maintained cotton textile production at about average levels, but here too, the emphasis is increasingly on design, finishing, and knitting.

The one notable exception is Norway, where business was found to be good. Orders are holding up, demand for yarn is good, though prices have been squeezed somewhat, and mills are working over two shifts. Furthermore, Norway as yet has had no great labor shortage, though mills are having to reach further out into rural areas in their recruitment programs.

Market development strengthened

Spurred by the general feeling that slowness in Europe's cotton market will be at least partially relieved in the near future and U.S. cotton's position improved, Cotton Council International continues to extend its newly reoriented program for cotton market development in Europe.

The new format—now revised to permit more flexibility—calls for promotional campaigns in cooperation with individual firms in all phases of cotton textile manufacturing—from cutters to retailers. These are supplementing or, in many cases, taking the place of campaigns carried on with institutional groups representing entire textile spinning industries possessing a variety of fiber loyalties.

Through this more selective program, CCI is obtaining cooperation of firms with stronger cotton interests. Also, cotton benefits from the good image imparted by cooperating firms while the firms' goals of increasing their sales have become fused with CCI's goal of expanding cotton sales.

Wide use of cotton emblem

This program is now used to some extent in all nations visited except Finland and dominates CCI's market development activities in West Germany, France, the United Kingdom, Sweden, Norway, and Denmark. It centers around use of the cotton emblem to denote 100-percent-cotton goods, superior in quality and performance. Cornerstone of the program is promotion of men's leisure wear, rainwear,



Throngs at U.S. exhibit



President and Mrs. Luebke

Record Crowds Visit "Sunland USA" at International Green Week

Continuous Hawaiian and Dixieland entertainment, thatched sales booths, films, and kitchen demonstrations attracted record crowds to "Sunland USA," American food exhibit at West Berlin's recent Green Week.

Virtually none of the fair's 476,000 visitors—15,000 more than last year—missed the U.S. Marshall House pavilion, leading attraction on the

grounds. Some booths exhausted their supplies the first weekend as sales climbed 300-400 percent higher than anticipated for the 8-day event. German importers of U.S. foods reported big sales of fruit juices, seasonings, peanut butter, and canned fruits.

Offering traditional American mainland and Hawaiian dishes, the "Wai-iki" restaurant served 11,000 patrons

daily, including West Germany's President and Mrs. Heinrich Luebke, while the "Beachcomber" snackbar also did capacity business.

Newspaper, radio, and television coverage of the U.S. pavilion was heavy, especially on opening day when West Berlin's three largest dailies featured photos of Mayor Willy Brandt cutting the ribbon at "Sunland."

and women's wear. (See *Foreign Agriculture*, Feb. 28, 1966.)

In West Germany, where there are now 180 firms using the emblem, the 1966 campaign is tied in with product lines, with advertising undertaken mainly through posters and publications. To analyze the results of this year's program here, CCI will employ market research techniques similar to those used under the Netherlands' pilot project, with one of the surveys to measure attitudes of 2,000 homemakers toward promotional efforts.

In France, industry cooperators participating in the 1966 advertising campaign include three of the leading manufacturers of cotton goods for household uses, manufacturers of canvas awnings, and about nine manufacturers of clothing. In addition, one large manufacturer and six makers-up will participate in parallel actions concerning knitwear, and there will be two 2-week campaigns by retailers.

In Sweden, home furnishings, women's summer and leisure wear, casual cottons, and rainwear are getting the lion's share of attention, with

substantial increases from last year in the number of participating firms.

In Denmark and Norway, activities are being broadened to include more firms and a stronger budget. Also, in 1966 industry partners from these two countries and Sweden are expected to participate in the rainwear project of CCI's regional office in Oslo.

Still relying heavily on promotion through institutional groups are Belgium, Austria, the Netherlands, and Finland. Programs in the first three are at an in-between stage and those in the latter entirely with institutional cooperators.

Now in its second year, the pilot project undertaken in the Netherlands by CCI and the Dutch Cotton Institute continues to show impressive results: A research team hired to analyze the first campaign—promoting the use of fashionable household cotton textiles—termed it a "significant success." This project, emphasizing intensive beforehand and followup market research plus intensive use of advertising, is expected to set the stage for similar promotions elsewhere.

Flaxseed and Linseed Oil Exports Under PIK Eased

The Commodity Credit Corporation export sales program for flaxseed and linseed oils has been revised to permit greater flexibility for exporters.

Eliminated in regulations covering the Flaxseed and Linseed Oil Payment-in-Kind Program is the requirement that export sales be registered with CCC. Under the new procedure, CCC will consider offers to export flaxseed and linseed oil at export payment rates announced weekly by CCC.

In other respects, the program will operate much as it has previously. Export payment—equal to the difference between domestic and world market prices, with consideration given to marketing cost factors—will be made in transferable payment-in-kind certificates which are redeemable in CCC commodities offered for export sale.

Since April 15, 1965, about 5 million bushels of flaxseed and 64 million pounds of linseed oil have been contracted for export.

1965 Is Record Year for Japanese Soybean Imports

Japan's imports of soybeans reached a record high in 1965, while imports of soybean cake and meal rose sharply from those of a year earlier. In contrast, imports of safflowerseed declined sharply.

Imports of soybeans, at 1.8 million metric tons (67.9 mil. bu.), were 15 percent above those of 1964. While imports from the United States, at a record 1.5 million tons (53.8 mil. bu.), rose 11 percent or 142,000 tons, the relatively small tonnage from other countries, largely Mainland China, rose 34 percent or 98,000 tons.

From a value standpoint, soybeans—for the third successive year—were the largest single agricultural import from the United States, exceeding both cotton and wheat. The value of soybean imports from the United States was a record \$179 million compared with the previous record in 1964 of \$154 million. Some of the larger volume of soybean imports tends to be offset by the changing price-supply situation between soybeans and safflowerseed, which have been used interchangeably in Japan for crushing purposes.

Imports of safflowerseed, virtually all from the United States, declined to 113,440 tons from the 1964 imports of 199,411 tons.

Soybean cake and meal imports, also virtually all from the United States, rose to 46,320 tons—almost 3½ times

the 1964 tonnage and second only to the 56,355 tons imported in 1961. Early in 1965, the U.S. shipping strike caused a shortage of soybean meal because U.S. beans for crushing were in short supply. As meal prices rose, the Japanese Government permitted sizable imports in an attempt to stabilize prices.

JAPAN'S SOYBEAN, SAFFLOWERSEED, SOYBEAN MEAL IMPORTS

Commodity and major source	1963		1964		1965	
	Quantity	Value	Quantity	Value	Quantity	Value
	1,000 metric tons	Mil. dol.	1,000 metric tons	Mil. dol.	1,000 metric tons	Mil. dol.
Soybeans: U.S.	1,314.3	143.7	1,322.5	153.9	1,464.9	179.7
Total	1,544.4	167.9	1,607.2	184.5	1,847.5	225.8
Safflowerseed: U.S.	195.8	22.6	198.2	21.6	112.7	14.0
Total	195.8	22.6	199.4	21.7	113.4	14.1
Soybean cake and meal: U.S.	1.1	.3	13.2	1.5	41.7	4.4
Total	1.5	.4	13.3	1.5	46.3	4.9

Customs Bureau, Ministry of Finance.

U.S. Trade in Oils and Oilseeds Hits New High in 1965

U.S. exports of oilseeds, largely soybeans, established new highs in 1965 because of strong foreign demand and continued expansion in U.S. output. Imports of oil-bearing materials increased somewhat over 1964 as a result of larger takings of copra. Overall imports, however, are substantially smaller than they were in the 5-year period 1955-59.

Exports of soybeans were more than 2½ times the average annual exports during the 1955-59 period. Exports of peanuts, although relatively small, gained sharply in 1965 to more than double the previous year's tonnage. This increase reflected larger availabilities owing to the continuing uptrend in yields. Increased exports also resulted from the tapping of new markets. Safflowerseed exports, which were not separately classified prior to 1965, are estimated to have declined by about one-fifth that year compared with those of 1964, in reflection of reduced availabilities.

The overall outlook for continued expansion of oilseed exports is favorable.

Exports of oils from the United States in 1965 declined somewhat from the large volume of 1964. The decline was accounted for largely by reduced movements of cottonseed and soybean oils. The relatively small exports of fish and peanut oils also declined. Linseed oil exports in 1965 were sharply above those in the 2 previous years yet markedly below those of the 1950's.

Imports of vegetable and marine oils continued their general upward trend in 1965. The increase, reflecting heavier imports of castor, coconut, and sperm oils, was partly offset by reduced imports of olive and tung oils.

U.S. TRADE IN OILS AND OIL-BEARING MATERIALS

Oils and oilseeds	Average 1955-59	1964 ¹	1965	
			Quan- tity ¹	Percent change
IMPORTS				
Oils:	<i>Short tons</i>	<i>Short tons</i>	<i>Short tons</i>	<i>Percent</i>
Corn	1,963	0	0	0
Rapeseed	2,011	2,886	2,242	-22
Olive	25,740	33,539	22,716	-32
Palm	16,547	3,128	3,278	+5
Palm kernel	25,856	42,564	41,549	-2
Coconut	94,329	198,570	201,199	+1
Castor	50,545	48,197	64,738	+34
Tung	13,319	14,575	11,634	-20
Sperm	23,839	29,437	38,553	+31
Oilseeds:				
Copra	329,101	273,759	307,466	+12
Sesameseed	6,809	12,408	12,745	+3
Castorbeans	20,350	17	565	+33
EXPORTS				
Oils:				
Soybean	326,695	645,887	608,316	-6
Cottonseed	228,342	340,082	282,369	-17
Peanut	4,663	40,664	30,685	-25
Coconut	4,379	958	2,062	+115
Linseed	40,343	9,552	20,868	+118
Fish	63,908	75,735	51,904	-31
Tung	2,684	469	358	-24
Oilseeds:				
Cottonseed	11,660	8,674	5,306	-39
Peanuts, shelled ²	15,988	40,751	84,823	+108
Oilseeds, n.s.c. ³	32,604	241,996	(¹)	-100
Safflowerseed	(⁵)	(⁵)	185,402	^a -20
	<i>1,000 bu.</i>	<i>1,000 bu.</i>	<i>1,000 bu.</i>	
Soybean ⁷	86,437	209,507	227,660	+9
Flaxseed ⁸	7,299	6,947	3,925	-44

¹Preliminary. ²Includes exports of edible grade peanuts.

³Largely safflowerseed. ⁴Quantity figure not reported by the Census. ⁵Not separately classified. ⁶Estimated. ⁷1 bu.=60 lb.

⁸1 bu.=56 lb.

FEO Fishmeal Production and Exports Decline

Production and exports of fishmeal by the six member countries of the Fishmeal Exporters Organization (FEO) in 1965 declined by 8 and 11 percent, respectively, from the quantities produced and exported in 1964.

The FEO member countries account for over 90 percent of the world's exports of fishmeal. Exports from Peru, the leading producer, declined, as did those from Chile. Declines, however, were partly offset by heavier movements from Norway and Iceland. The overall decline was reflected in reduced movements to the United States and the European Economic Community.

Prospects for exports this year indicate a further decline from Peru. Total exports could also diminish.

FISHMEAL PRODUCTION BY FEO COUNTRIES

Country	1962	1963	1964	1965
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Angola	36.2	34.7	65.8	49.1
Chile	102.3	119.3	159.3	77.6
Iceland	105.9	96.7	140.8	190.7
Norway	133.3	145.7	204.9	340.7
Peru	1,235.5	1,277.8	1,711.0	1,413.1
South Africa	221.8	262.3	283.7	299.8
Total	1,835.0	1,936.5	2,565.5	2,371.0

Fishmeal Exporters Organization, Paris, France.

FISHMEAL EXPORTS BY FEO COUNTRIES

Country	1962	1963	1964	1965
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Angola	35.9	33.1	60.0	133.2
Chile	80.3	95.7	160.9	70.1
Iceland	78.2	109.2	138.9	145.0
Norway	68.0	114.7	201.5	272.6
Peru	1,175.1	1,278.3	1,572.3	1,388.9
South Africa	212.6	219.4	280.6	247.9
Total	1,650.1	1,850.4	2,414.2	2,157.7

¹January-August only. FEO, Paris, France.

Peru Imposes Fishing Limitations

According to a decree published in the Peruvian official Gazette on February 9, the fish catch in the current fishing season will be limited to 7.0 million metric tons of anchoveta. The current fishing season began on October 1, 1965, and will close on June 30, 1966. The closing date of the 1966-67 season, which will open next October 1, has not yet been determined.

The fishing industry and the government are seriously concerned with the conservation of anchoveta. The *Instituto del Mar* says the production limit has been reached and apparently considers overfishing an important factor.

The fish catch in the September-December period was estimated at 2.06 million tons, from which 388,989 tons of fishmeal were produced. It is reported that on some days as much as 60 percent of the anchoveta landed were peladilla (immature fish). Total Peruvian fishmeal production is expected to be about 1.3 million tons a season.

Peruvian exports of fishmeal during December 1965 amounted to about 98,900 tons against 123,800 tons in the comparable month of the previous year. Calendar year exports last year totaled 1,260,000 tons against 1,416,500 tons in 1964.

1965 U.S. Tallow and Grease Exports Down

U.S. exports of inedible tallow and greases totaled 2.1 billion pounds in 1965, valued at \$191 million. The volume of exports was 12 percent below the 1964 total. However, the price rise during the year resulted in an overall gain of 7 percent in the value of exports.

U.S. EXPORTS OF INEDIBLE TALLOW AND GREASES¹

Continent and country	Average 1956-60	1963	1964 ²	1965 ²
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
North America:				
Canada	22,246	34,329	35,940	21,331
Cuba	30,974	—	—	—
Dominican Rep.	4,626	5,918	11,023	7,829
El Salvador	3,443	9,861	19,792	10,059
Guatemala	7,856	22,693	16,329	20,094
Mexico	34,830	2,901	2,823	4,468
Other	9,237	18,839	27,253	24,577
Total	113,212	94,541	113,160	88,358
South America:				
Argentina	37	57	28,765	5,176
Chile	1,525	314	277	103
Colombia	19,575	19,775	30,738	21,703
Ecuador	11,191	24,167	29,133	20,761
Peru	8,888	23,080	53,089	30,200
Venezuela	7,082	13,327	30,035	15,446
Other	2,561	2,049	3,866	631
Total	50,859	82,769	175,903	94,020
Europe:				
EEC:				
Belgium	42,454	21,653	35,202	12,325
France	11,375	14,885	29,007	33,177
Germany, West	86,332	86,490	104,795	70,668
Italy	269,575	179,750	180,117	115,286
Netherlands	227,664	237,225	263,041	206,812
Total EEC	637,400	540,003	612,162	438,268
Greece	6,375	4,551	8,795	6,989
Ireland	1,728	717	2,594	112
Norway	1,822	2,726	4,078	4,431
Spain	24,797	124,011	108,434	91,811
Switzerland	14,273	37,395	57,326	45,811
United Kingdom	17,165	22,409	63,247	81,824
Poland	42,925	77,283	121,967	94,964
Yugoslavia	23,616	24,946	12,989	34,901
Other	15,281	19,923	24,365	26,728
Total Europe	785,382	853,964	1,015,957	825,839
USSR:	5,029	33,404	121,690	185,503
Africa:				
Algeria	198	1,432	15,468	24,314
Egypt	59,710	117,592	117,304	79,989
Ghana	—	12,301	29,231	16,280
Morocco	11,847	22,037	22,092	27,184
South Africa,				
Rep. of	50,547	22,807	40,054	37,229
Other	4,812	9,798	20,705	16,352
Total	127,114	185,967	244,854	201,348
Asia:				
China, Taiwan	23,499	54,628	51,572	38,645
India	42	1,207	1,083	90,993
Iran	13,724	43,770	31,019	27,969
Japan	258,807	357,965	456,393	465,303
Korea, Rep. of	18,589	30,481	42,993	34,158
Pakistan	8,410	58,285	60,630	34,083
Philippines	14,846	21,952	19,882	13,898
Turkey	9,114	46,742	64,716	14,192
Other	7,848	13,352	8,250	9,305
Total ³	354,879	628,382	736,538	728,546
Total world	1,436,475	1,879,027	2,408,102	2,123,614

¹Includes inedible tallow animal greases and fats, animal oils, n.e.s., oleic acid or red oil and stearic acid. ²Preliminary.

³Includes shipments to Oceania.

Foreign Agricultural Service. Compiled from reports of the U.S. Department of Commerce.

A large part of the drop in exports was the result of the drop in shipments of inedible greases, primarily by-products of pork production. Grease exports in 1965 fell to just over 100 million pounds, whereas they were 275 million pounds in 1964. The major buyers (Peru, the Netherlands, and Japan) all took considerably less than in 1964. Peru halved its purchases; Japan cut its buying by 20 percent, while the Netherlands took only 8 percent of the quantity taken in 1964.

Inedible tallow exports in 1965 were down about 5 percent (2,111 million pounds against 1,995 million pounds in 1964). Part of the drop in tallow exports was the result of reduced shipments under Food for Peace Program. The large Title I program exports to India partially offset the drop in P.L. 480 shipments to the UAR, Pakistan, Korea, Turkey, and Taiwan.

Exports to the USSR were the heaviest since 1961, while those to the EEC were well below average. Japan again increased its buying of U.S. tallow and continued to be the largest buyer.

U.S. Lard Exports Down Sharply in 1965

Exports of lard from the United States totaled 251 million pounds in 1965, down 63 percent from the unusually large (682 million lb.) exports of 1964.

Only 203 million pounds were shipped to the U.K. market, a small part of the 550 million pounds shipped in the previous year. There are no other major lard markets, but even most small markets took significantly less U.S. lard during 1965.

U.S. production dropped and prices were higher in 1965 because of the reduced hog slaughter. Concurrently, European production rose to cyclical peaks and most countries had export surpluses. Italy exported more than 20 million pounds to the United Kingdom, whereas it had exported none to that market in 1964. Belgium, long a minor exporting country, shipped in excess of 100 million pounds to the U.K. market during the year, probably from imported raw materials obtained elsewhere in Europe.

U.S. EXPORTS OF LARD, INCLUDING RENDERED PORK FAT

Country	Average 1956-60	1962	1963	1964	1965 ¹
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
United Kingdom	216	350	436	550	203
Canada	15	21	15	15	13
Mexico	12	11	11	7	11
Haiti	7	7	6	7	6
Germany, West	31	14	19	18	4
Panama	5	4	3	3	3
Japan	(²)	(²)	1	2	3
Bolivia	4	1	7	16	2
Brazil	3	(²)	—	19	(²)
Yugoslavia	35	(²)	14	16	—
Czechoslovakia	—	1	8	8	—
Chile	1	1	2	1	—
China, Taiwan	—	—	2	1	—
Cuba	183	—	—	—	—
Other countries	33	12	14	19	6
Total	545	422	538	682	251

¹Preliminary. ²Less than 500,000 pounds.

Because of higher lard prices and the ease with which substitute fats and oils replace lard in the manufacture of compound fats and margarine, the U.K. lard market contracted by nearly one-fourth in 1965. Moreover, the U.S.

share of that market dropped from 89 percent in 1964 to 54 percent in 1965. With lard output in the United States forecast to continue below normal at least until fall, exports in 1966 will probably remain at a relatively low level. In addition, total Western European output will probably level off or contract during the year, resulting in another drop in overall world lard trade.

French Butter Exports Decline

France's butter exports in the first 11 months of 1965 amounted to 56 million pounds—almost 25 percent less than in the same period of the preceding year. Reduced sales were made to all of the principal markets except the United Kingdom and Switzerland. The United Kingdom took 21 million pounds (compared with 19 million a year ago), and Switzerland, 2 million pounds (1 million).

Trade with West Germany was down to 13 million pounds from 15 million, and that with Italy to 9 million pounds from 13 million. Sales to Algeria declined 5 million pounds to 3 million. Considerably smaller shipments were made to Morocco, Tunisia, Senegal, and Malagasy.

During January-November 1965, France's imports of butter—38 million pounds—were more than five times those of a year earlier. The United States shipped almost 25 million pounds, West Germany 9 million, the Netherlands and Argentina most of the remainder.

Ecuador Produces Record Pyrethrum Crop

Ecuador's pyrethrum production during 1965 reached the record level of 2,003 metric tons, up 180 tons over the 1964 harvest and four times as great as the 1961 crop. The acreage under pyrethrum cultivation has expanded rapidly in recent years, rising from 3,700 acres in 1961 to 14,500 acres by 1965.

Exports of pyrethrum extract and flowers also reached record levels during 1965, earning nearly \$2 million in foreign exchange. The United States buys nearly all of the extract exports, while Argentina and Japan are the largest recipients of the flower shipments.

Ceylon's Tea Crop Breaks Record

Tea production in Ceylon during 1965 totaled 503.2 million pounds, up 4 percent over the 1964 crop, and exceeding the record 1963 outturn by 18.6 million pounds.

Ceylon remained the largest supplier to the United States market during 1965, accounting for 41 percent of the U. S. tea imports of 130.3 million pounds valued at \$57.5 million.

Antigua Sugar Production at Low Level

Production of sugar in Antigua is now at the rather low level of about 16,000 short tons. This is only about half of the production reached during the middle 1950's. Lack of rainfall is the primary reason given for the decline. Local officials declare that with the exception of 1962, drought conditions have prevailed since 1958.

It has been reported that with proper amounts of moisture, sugar production could return to its level prior

to 1959. Irrigation work has already commenced under Colonial Development and Welfare aid from the United Kingdom; construction of a series of dams for the collection of surface water is already underway using these funds. An expenditure of \$5.5 million (BWI), or US\$3.25 million has been proposed in the country-wide development plan for 1966-70; however, this has not yet been approved. Antigua has an assured sugar market in the Commonwealth for more than its present production.

Kenya's Tea Crop Down Slightly

Tea production in Kenya—Africa's largest tea producer—during 1965 amounted to 43.7 million pounds, down slightly from the record 1964 outturn of 44.6 million because of lack of sufficient rainfall.

However, both Uganda and Tanzania were less affected by the drought, and were able to maintain increases during 1965. Uganda and Tanzania produced 18.5 million and 12.5 million pounds, respectively, against crops of 16.8 million and 10.6 million pounds during 1964.

Netherlands Expands Use of Hop Extract

Hop extract is rapidly gaining favor among Dutch brewers. The extracts replace from four to eight times their weight of raw hops in the brewing process, but because of a higher efficiency in extraction and utilization of essential components, it takes only 2.5 to 5 pounds of hops to make a pound of the extract. The amount used depends on the strength of extract desired and the resin content of the hops used.

While imports of raw hops have increased 48 percent in the past 10 years, extract imports have climbed from 0 in 1955-56 to 317,000 pounds in the 1964-65 hops marketing season. These extracts—usually valued at \$1.50-\$2.00 per pound—are imported mostly from West Germany. However, over 70 percent of the hops used to make the extract are imported from the United States.

This rapid acceptance of hop extract in a country famous for its fine beer is likely to hasten acceptance of extracts in other areas and increase the demand for U.S. hops, which are superior for extracting purposes.

Mozambique Has Short Cashew Crop

Hurricane damage to Mozambique's southern region has reduced the 1966 cashew crop to an estimated 100,000 short tons of raw nuts. This is down sharply from the 1965 crop, now estimated at 132,000 tons. An alltime world record crop of 165,000 tons was harvested in 1964.

Partly as the result of the smaller crop, 1965 exports of raw nuts were off sharply. During the first 8 months of 1965, Mozambique exported only 74,500 tons, of which 65,800 went to India. During the entire year 1964, shipments totaled 137,000 tons with India taking 134,500.

Exports of cashew kernels were not up as much as expected in 1965. During January-August 1965 kernel sales totaled 2,700 tons compared with 2,300 tons during the same period in 1964. Expectations for 1966 kernel sales are clouded by the uncertainty of the raw nut supply.

The hurricane damage to the crop has caused the newly mechanized and expanded shelling industry serious con-

cern. The industry, which now requires 45-50,000 short tons of raw nuts annually, is faced with a crop of only 13,000 tons in the southern region instead of the normal 44-46,000.

Shellers indicate that they might go as far as Tanzania for raw nuts if they are unable to get sufficient supplies from the northern region of Mozambique. The shortage along with strong Indian demand has reportedly forced raw nut prices to "uneconomic" levels for the local shelling industry.

Ontario Concludes Flue-cured Auctions

Auction sales through February 11 of the 1965 flue-cured crop in Ontario, Canada, amounted to 129.9 million pounds, at an average price of 65.6 Canadian cents per pound. Through that date, slightly over 83 percent of the crop had been sold. The current estimate of the 1965 harvest is placed at 155.9 million pounds, compared with the earlier forecast of 162.8 million. If the volume of daily sales continues, the marketing of the 1965 crop will very likely be completed during the week ending March 4, 1966.

Sales for the 12th week ended February 11 totaled 11.6 million pounds, at an average price of 68.1 Canadian cents per pound. This average price compares with 68.0 cents for the 11th week, 72.2 for the 10th week, and 72.4 for the 9th week. During the 9th week, a new daily high average price of 88.64 Canadian cents per pound was reached January 24, 1966.

Mexico To Subsidize Cotton Producers

Cotton growers in Mexico, effective with the 1966-67 crop, will receive a government subsidy to offset the export tax currently in effect on cotton. Exporters pay a duty of 1.58 cents per pound of cotton exported. In 1966-67, the export tax will remain in force; however, producers will be subsidized to the extent of 97.7 percent of the tax.

The Mexican Government has concurrently announced the establishment of a national union of cotton producers. All producers will be eligible for membership in the union and only those producers who become members will be eligible for subsidy payments. The net effect of the new subsidy payment will be a reduction in government revenues from cotton exports. It is likely that these developments will give Mexico greater flexibility in its cotton export pricing policy.

Peru's Feed Production Forecast Higher

According to processor forecasts, Peru's 1966 production of feed may reach 490,000 metric tons (330,000 of concentrates and 160,000 of nonconcentrated feed). This is a 22-percent increase over the 1965 estimate of 400,000 tons and 14 percent more than the 1964 estimate of 350,000.

Increases in 1965 and again in 1966 are attributed to the opening of a new feed mill and the rapidly growing demands of the poultry industry. Of the total production of concentrated feeds, about 70 percent is used by the poultry industry. Most of the balance goes to dairy cattle. Processors have shown interest in importing corn.

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U.S. Wheat in the World Picture

(Continued from page 4)

role in stocking wheat. These stocks have made a substantial contribution to the stability of supplies and prices in world markets. Canada is the only other country that has consistently carried a sizable amount of stocks.

The United States, although the front-ranking exporter of wheat in the world, generally ranks second and sometimes even third in the magnitude of its commercial wheat shipments. In 1964-65, even France equaled the U.S. commercial export movement of 4.4 million metric tons. In contrast to this commercial trade position, the United States carries practically the entire burden of supplying wheat to developing countries on a noncommercial basis. In fiscal 1962-64, for example, our noncommercial exports totaled 13.5 million tons; Canada's, 100,000; and Australia's, 50,000.¹

India is a case in point. The United States supplied India with over 30 million tons of wheat and wheat flour on a government program basis from the start of P.L. 480 in 1954 to July 1, 1965. Though India was a part of the British Empire in the past and is still a member of the Commonwealth, wheat contributions by Canada, Australia, and the United Kingdom have been minor in comparison with that of the United States and with India's overwhelming needs.

The U.S. trade position in foreign markets varies by countries. In 1962-64, Japan—the No. 1 U.S. wheat market—took more than a fourth of the U.S. wheat exported commercially, and relied on the United States for about half of its wheat purchases. The United Kingdom took only 4 percent of the commercial U.S. exports; the U.S. share of that market was only 6 percent compared with

Canada's 55 percent. To the EEC market went 18 percent of commercial U.S. wheat exports, for a quarter-share compared with Canada's one-third.

The United States has often been criticized by other countries for using export subsidies and import quotas in carrying out its wheat program. Such criticisms have generally overlooked the fact that subsidies and quotas are integral parts of the larger program encompassing acreage and production restraints, stocking, sales under government programs, and price supports. All these have an important beneficial influence on stabilizing prices and supplies in international markets. And the concern in international quarters after the defeat of the U.S. wheat referendum in 1963 confirms the nearly universal realization that a free wheat market in the United States would have serious implications for all participants in the international wheat market.

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¹ International Wheat Commission, *Review of World Wheat Situation, 1963/64 and 1964/65*. Quantities shown do not include sales for credit, amounting to 700,000 tons for the United States, 1.7 million for Australia, and 2.5 million for Canada. Most of Canada's and Australia's credit sales were to Mainland China.